

1 ENGROSSED HOUSE AMENDMENT
TO

2 ENGROSSED SENATE BILL NO. 102

By: Garvin and Hamilton of the
Senate

3
4 and

5 Bashore of the House

6
7 An Act relating to the Oklahoma Police Pension and
8 Retirement System; amending 11 O.S. 2021, Sections
9 50-101, as amended by Section 2, Chapter 306, O.S.L.
10 2022, 50-109, as amended by Section 1, Chapter 53,
11 O.S.L. 2023, 50-110, as amended by Section 2, Chapter
12 53, O.S.L. 2023, and 50-111.1 (11 O.S. Supp. 2023,
13 Sections 50-101, 50-109, and 50-110), which relate to
14 definitions, employee and employer contributions, and
15 termination of employment; modifying definitions;
16 increasing minimum employee contribution for certain
17 members of System; increasing computation of certain
18 monthly benefits; providing for effective dates of
19 certain increase; increasing employer contribution;
20 updating statutory language; making language gender
21 neutral; amending 62 O.S. 2021, Section 3103, as last
22 amended by Section 1, Chapter 306, O.S.L. 2022 (62
23 O.S. Supp. 2023, Section 3103), which relates to the
24 Oklahoma Pension Legislation Actuarial Analysis Act;
updating statutory language; updating statutory
references; modifying definition; providing effective
dates; and declaring an emergency.

21 AUTHOR: Add the following House Coauthors: Sneed, Munson,
22 Provenzano, West (Josh), Sterling, Schreiber, Harris,
Moore, Hays, and Hefner

23 AMENDMENT NO. 1. Strike the title, enacting clause, and entire bill
24 and insert:

1 "An Act relating to the Oklahoma Police Pension and
2 Retirement System; amending 62 O.S. 2021, Section
3 3103, as last amended by Section 1, Chapter 306,
4 O.S.L. 2022 (62 O.S. Supp. 2023, Section 3103), which
5 relates to the Oklahoma Pension Legislation Actuarial
6 Analysis Act; modifying term; amending 11 O.S. 2021,
7 Sections 50-101, as amended by Section 2, Chapter
8 306, O.S.L. 2022, 50-109, as amended by Section 1,
9 Chapter 53, O.S.L. 2023, 50-110, as amended by
10 Section 2, Chapter 53, O.S.L. 2023, and 50-111.1 (11
11 O.S. Supp. 2023, Sections 50-101, 50-109, and 50-
12 110), which relate to definitions, employee and
13 employer contributions, and termination of
14 employment; modifying definitions; increasing minimum
15 employee contribution for certain members of System;
16 increasing computation of certain monthly benefits;
17 providing for effective dates of certain increase;
18 increasing employer contribution; updating statutory
19 language; and providing effective dates.

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BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 62 O.S. 2021, Section 3103, as
last amended by Section 1, Chapter 306, O.S.L. 2022 (62 O.S. Supp.
2023, Section 3103), is amended to read as follows:

Section 3103. As used in the Oklahoma Pension Legislation
Actuarial Analysis Act:

1. "Amendment" means any amendment, including a substitute
bill, made to a retirement bill by any committee of the House or
Senate, any conference committee of the House or Senate or by the
House or Senate;

1 2. "RB number" means that number preceded by the letters "RB"
2 assigned to a retirement bill by the respective staffs of the
3 Oklahoma State Senate and the Oklahoma House of Representatives when
4 the respective staff office prepares a retirement bill for a member
5 of the Legislature;

6 3. "Legislative Actuary" means the firm or entity that enters
7 into a contract with the Legislative Service Bureau pursuant to
8 Section 452.15 of Title 74 of the Oklahoma Statutes to provide the
9 actuarial services and other duties provided for in the Oklahoma
10 Pension Legislation Actuarial Analysis Act;

11 4. "Nonfiscal amendment" means an amendment to a retirement
12 bill having a fiscal impact, which amendment does not change any
13 factor of an actuarial investigation specified in subsection A of
14 Section 3109 of this title;

15 5. "Nonfiscal retirement bill" means a retirement bill:

16 a. which does not affect the cost or funding factors of a
17 retirement system,

18 b. which affects such factors only in a manner which does
19 not:

20 (1) grant a benefit increase under the retirement
21 system affected by the bill,

22 (2) create an actuarial accrued liability for or
23 increase the actuarial accrued liability of the
24 retirement system affected by the bill, or

1 (3) increase the normal cost of the retirement system
2 affected by the bill,

3 c. which authorizes the purchase by an active member of
4 the retirement system, at the actuarial cost for the
5 purchase as computed pursuant to the statute in effect
6 on the effective date of the measure allowing such
7 purchase, of years of service for purposes of reaching
8 a normal retirement date in the applicable retirement
9 system, but which cannot be used in order to compute
10 the number of years of service for purposes of
11 computing the retirement benefit for the member,

12 d. which provides for the computation of a service-
13 connected disability retirement benefit for members of
14 the Oklahoma Law Enforcement Retirement System
15 pursuant to Section 2-305 of Title 47 of the Oklahoma
16 Statutes if the members were unable to complete twenty
17 (20) years of service as a result of the disability,

18 e. which requires membership in the defined benefit plan
19 authorized by Section 901 et seq. of Title 74 of the
20 Oklahoma Statutes for persons whose first elected or
21 appointed service occurs on or after November 1, 2018,
22 if such persons had any prior service in the Oklahoma
23 Public Employees Retirement System prior to November
24 1, 2015,

1 f. which provides for a one-time increase in retirement
2 benefits if the increase in retirement benefits is not
3 a permanent increase in the gross annual retirement
4 benefit payable to a member or beneficiary, occurs
5 only once pursuant to a single statutory authorization
6 and does not exceed:

7 (1) the lesser of two percent (2%) of the gross
8 annual retirement benefit of the member or One
9 Thousand Dollars (\$1,000.00) and requires that
10 the benefit may only be provided if the funded
11 ratio of the affected retirement system would not
12 be less than sixty percent (60%) but not greater
13 than eighty percent (80%) after the benefit
14 increase is paid,

15 (2) the lesser of two percent (2%) of the gross
16 annual retirement benefit of the member or One
17 Thousand Two Hundred Dollars (\$1,200.00) and
18 requires that the benefit may only be provided if
19 the funded ratio of the affected retirement
20 system would be greater than eighty percent (80%)
21 but not greater than one hundred percent (100%)
22 after the benefit increase is paid,

23 (3) the lesser of two percent (2%) of the gross
24 annual retirement benefit of the member or One

1 Thousand Four Hundred Dollars (\$1,400.00) and
2 requires that the benefit may only be provided if
3 the funded ratio of the affected retirement
4 system would be greater than one hundred percent
5 (100%) after the benefit increase is paid, or
6 (4) the greater of two percent (2%) of the gross
7 annual retirement benefit of the volunteer
8 firefighter or One Hundred Dollars (\$100.00) for
9 persons who retired from the Oklahoma
10 Firefighters Pension and Retirement System as
11 volunteer firefighters and who did not retire
12 from the Oklahoma Firefighters Pension and
13 Retirement System as a paid firefighter.

14 As used in this subparagraph, "funded ratio" means the
15 figure derived by dividing the actuarial value of
16 assets of the applicable retirement system by the
17 actuarial accrued liability of the applicable
18 retirement system,

- 19 g. which modifies the disability pension standard for
20 police officers who are members of the Oklahoma Police
21 Pension and Retirement System as provided by Section 3
22 50-115 of this act Title 11 of the Oklahoma Statutes,
- 23 h. which provides a cost-of-living benefit increase
24 pursuant to the provisions of:

1 (1) Section 49-143.7 of Title 11 of the Oklahoma
2 Statutes,

3 (2) Section 50-136.9 of Title 11 of the Oklahoma
4 Statutes,

5 (3) Section 1104K of Title 20 of the Oklahoma
6 Statutes,

7 (4) Section 2-305.12 of Title 47 of the Oklahoma
8 Statutes,

9 (5) Section 17-116.22 of Title 70 of the Oklahoma
10 Statutes, or

11 (6) Section 930.11 of Title 74 of the Oklahoma
12 Statutes, ~~or~~

13 i. which modifies the computation of the line-of-duty
14 disability benefit pursuant to ~~the provisions of this~~
15 ~~act~~ Sections 50-101 and 50-115 of Title 11 of the
16 Oklahoma Statutes,

17 j. which increases the computation factor used to
18 calculate the accrued retirement benefit and normal
19 disability benefit pursuant to Section 50-101 of Title
20 11 of the Oklahoma Statutes,

21 k. which increases the municipal contribution, employee
22 contribution, or both for members of the Oklahoma
23 Police Pension and Retirement System pursuant to
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1 Sections 50-109 and 50-110 of Title 11 of the Oklahoma
2 Statutes, or

3 1. which modifies the computation of a retirement annuity
4 pursuant to Section 50-111.1 of Title 11 of the
5 Oklahoma Statutes.

6 A nonfiscal retirement bill shall include any retirement bill that
7 has as its sole purpose the appropriation or distribution or
8 redistribution of monies in some manner to a retirement system for
9 purposes of reducing the unfunded liability of such system or the
10 earmarking of a portion of the revenue from a tax to a retirement
11 system or increasing the percentage of the revenue earmarked from a
12 tax to a retirement system;

13 6. "Reduction-in-cost amendment" means an amendment to a
14 retirement bill having a fiscal impact which reduces the cost of the
15 bill as such cost is determined by the actuarial investigation for
16 the bill prepared pursuant to Section 3109 of this title;

17 7. "Retirement bill" means any bill or joint resolution
18 introduced or any bill or joint resolution amended by a member of
19 the ~~Oklahoma~~ Legislature which creates or amends any law directly
20 affecting a retirement system. A retirement bill shall not mean a
21 bill or resolution that impacts the revenue of any state tax in
22 which a portion of the revenue generated from such tax is earmarked
23 for the benefit of a retirement system;

1 8. "Retirement bill having a fiscal impact" means any
2 retirement bill creating or establishing a retirement system and any
3 other retirement bill other than a nonfiscal retirement bill; and

4 9. "Retirement system" means the Teachers' Retirement System of
5 Oklahoma, the Oklahoma Public Employees Retirement System, the
6 Uniform Retirement System for Justices and Judges, the Oklahoma
7 Firefighters Pension and Retirement System, the Oklahoma Police
8 Pension and Retirement System, the Oklahoma Law Enforcement
9 Retirement System, or a retirement system established after January
10 1, 2006.

11 SECTION 2. AMENDATORY 11 O.S. 2021, Section 50-101, as
12 amended by Section 2, Chapter 306, O.S.L. 2022 (11 O.S. Supp. 2023,
13 Section 50-101), is amended to read as follows:

14 Section 50-101. As used in this article:

15 1. "System" means the Oklahoma Police Pension and Retirement
16 System and all predecessor municipal ~~Police Pension and Retirement~~
17 ~~Systems~~ police pension and retirement systems;

18 2. "Article" means Article 50 of this title;

19 3. "State Board" means the Oklahoma Police Pension and
20 Retirement Board;

21 4. "Fund" means the Oklahoma Police Pension and Retirement
22 Fund;

23 5. "Officer" means any duly appointed and sworn full-time
24 officer of the regular police department of a municipality whose

1 duties are to preserve the public peace, protect life and property,
2 prevent crime, serve warrants, enforce all laws and municipal
3 ordinances of this state, and any political subdivision thereof, and
4 who is authorized to bear arms in the execution of such duties;

5 6. "Member" means all eligible officers of a participating
6 municipality and any person hired by a participating municipality
7 who is undergoing police training to become a permanent police
8 officer of the municipality. Effective July 1, 1987, a member does
9 not include a "leased employee" as defined under Section 414(n)(2)
10 of the Internal Revenue Code of 1986, as amended. Effective July 1,
11 1999, any individual who agrees with the participating municipality
12 that the individual's services are to be performed as a leased
13 employee or an independent contractor shall not be a member
14 regardless of any classification as a common law employee by the
15 Internal Revenue Service or any other governmental agency, or any
16 court of competent jurisdiction. A member shall include eligible
17 commissioned officers of the Oklahoma State Bureau of Narcotics and
18 Dangerous Drugs Control, the Oklahoma State Bureau of Investigation,
19 and the Alcoholic Beverage Laws Enforcement Commission who elect to
20 participate in the System pursuant to Section 50-111.5 of this
21 title;

22 7. "Normal retirement date" means the date at which the member
23 is eligible to receive the unreduced payments of the member's
24 accrued retirement benefit. Such date shall be the first day of the

1 month coinciding with or following the date the member completes
2 twenty (20) years of credited service. If the member's employment
3 continues past the normal retirement date of the member, the actual
4 retirement date of the member shall be the first day of the month
5 after the member terminates employment with more than twenty (20)
6 years of credited service;

7 8. "Credited service" means the period of service used to
8 determine the eligibility for and the amount of benefits payable to
9 a member. Credited service shall consist of the period during which
10 the member participated in the System or the predecessor municipal
11 systems as an active employee in an eligible membership
12 classification, plus any service prior to the establishment of the
13 predecessor municipal systems which was credited under the
14 predecessor municipal systems or credited service granted by the
15 State Board;

16 9. "Participating municipality" means a municipality which is
17 making contributions to the System on behalf of its officers. The
18 Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the
19 Oklahoma State Bureau of Investigation, and the Alcoholic Beverage
20 Laws Enforcement Commission shall be treated in the same manner as a
21 participating municipality only regarding those members who elect to
22 participate in the System pursuant to Section 50-111.5 of this
23 title;

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1 10. "Permanent total disability" means incapacity due to
2 accidental injury or occupational disease, to earn any wages in the
3 employment for which the member is physically suited and reasonably
4 fitted through education, training or experience. Further, the
5 member must be declared one hundred percent (100%) impaired as
6 defined by the ~~"American Medical Association's Guides to the~~
7 ~~Evaluation of Permanent Impairment"~~ American Medical Association
8 Guides to the Evaluation of Permanent Impairment on the basis of a
9 physical medical examination by a physician licensed to practice
10 medicine in this state, as selected by the State Board;

11 11. "Permanent partial disability" means permanent disability
12 which is less than permanent total disability as defined in this
13 section. The member must be declared no greater than ninety-nine
14 percent (99%) impaired as defined by the ~~"American Medical~~
15 ~~Association's Guides to the Evaluation of Permanent Impairment"~~
16 American Medical Association Guides to the Evaluation of Permanent
17 Impairment on the basis of a physical medical examination by a
18 physician licensed to practice medicine in this state, as selected
19 by the State Board;

20 12. "Permanent in-line disability" means when a police officer
21 serving in any capacity at a regular police department of a
22 participating municipality becomes so physically or mentally
23 disabled, as determined by an independent medical examiner,
24 psychiatrist, or psychologist selected by the State Board, while in,

1 and in consequence of, the performance of authorizing activities
2 while on duty as an officer that he or she is unable to perform the
3 required duties of a police officer;

4 13. "Beneficiary" means a member's surviving spouse or any
5 surviving children, including biological and adopted children, at
6 the time of the member's death. The surviving spouse must have been
7 married to the member for the thirty (30) continuous months
8 immediately preceding the member's death, provided a surviving
9 spouse of a member who died while in, and as a consequence of, the
10 performance of the member's duty for a participating municipality,
11 shall not be subject to the thirty-month marriage requirement for
12 survivor benefits. A surviving child of a member shall be a
13 beneficiary until reaching eighteen (18) years of age or twenty-two
14 (22) years of age if the child is enrolled ~~full-time~~ full-time and
15 regularly attending a public or private school or any institution of
16 higher education. Any child adopted by a member after the member's
17 retirement shall be a beneficiary only if the child is adopted by
18 the member for the thirty (30) continuous months preceding the
19 member's death. Any child who is adopted by a member after the
20 member's retirement and such member dies accidentally or as a
21 consequence of the performance of the member's duty as a police
22 officer shall not be subject to the thirty-month adoption
23 requirement. This definition of beneficiary shall be in addition to
24 any other requirement set forth in this article;

1 14. "Executive Director" means the managing officer of the
2 System employed by the State Board;

3 15. "Eligible employer" means any municipality with a municipal
4 police department;

5 16. "Entry date" means the date as of which an eligible
6 employer joins the System. The first entry date pursuant to this
7 article shall be January 1, 1981;

8 17. "Final average salary" means the average paid base salary
9 of the member for normally scheduled hours over the highest salaried
10 thirty (30) consecutive months of the last sixty (60) months of
11 credited service. Effective July 1, 2016, the following shall apply
12 in computing final average salary:

13 a. only paid base salary on which required contributions
14 have been made shall be used in computing a member's
15 final average salary,

16 b. for purposes of determining the normal disability
17 benefit only, final average salary shall be based on
18 the member's total service if less than thirty (30)
19 months,

20 c. in addition to other applicable limitations, and
21 notwithstanding any other provision to the contrary,
22 for plan years beginning on or after July 1, 2002, the
23 annual compensation of each ~~"Noneligible Member"~~
24 noneligible member taken into account under the System

1 shall not exceed the Economic Growth and Tax Relief
2 Reconciliation Act of 2001 (EGTRRA) annual
3 compensation limit. The EGTRRA annual compensation
4 limit is Two Hundred Thousand Dollars (\$200,000.00),
5 as adjusted by the Commissioner for increases in the
6 cost of living in accordance with Section
7 401(a)(17)(B) of the Internal Revenue Code of 1986, as
8 amended. The annual compensation limit in effect for
9 a calendar year applies to any period, not exceeding
10 twelve (12) months, over which compensation is
11 determined ("determination period") beginning in such
12 calendar year. If a determination period consists of
13 fewer than twelve (12) months, the EGTRRA annual
14 compensation limit will be multiplied by a fraction,
15 the numerator of which is the number of months in the
16 determination period, and the denominator of which is
17 twelve (12). For purposes of this section, a
18 ~~"Noneligible Member"~~ noneligible member is any member
19 who first became a member during a plan year
20 commencing on or after July 1, 1996,

21 d. for plan years beginning on or after July 1, 2002, any
22 reference in the System to the annual compensation
23 limit under Section 401(a)(17) of the Internal Revenue
24

1 Code of 1986, as amended, shall mean the EGTRRA annual
2 compensation limit set forth in this provision, and
3 e. effective January 1, 2008, back pay, within the
4 meaning of Section 1.415(c)-2(g)(8) of the Income Tax
5 Regulations, shall be treated as paid base salary for
6 the limitation year to which the back pay relates to
7 the extent the back pay represents wages and
8 compensation that would otherwise be included in this
9 definition;

10 18. "Accrued retirement benefit" means, for benefits computed
11 prior to the effective date of this act, two and one-half percent (2
12 1/2%) of the member's final average salary multiplied by the
13 member's years of credited service not to exceed thirty (30) years.

14 For a member who retires on or after the effective date of this
15 act, accrued retirement benefit shall mean:

- 16 a. for members who retire and terminate employment at
17 least one (1) year after the effective date of this
18 act, and have at least twenty-five (25) years of
19 credited service, three percent (3%) of the member's
20 final average salary multiplied by the member's years
21 of credited service, not to exceed thirty (30) years,
22 b. for members who retire and terminate employment at
23 least two (2) years after the effective date of this
24 act, and have at least twenty (20) years of credited

1 service, three percent (3%) of the member's final
2 average salary multiplied by the member's years of
3 credited service, not to exceed thirty (30) years,
4 c. for members who retire and terminate employment at
5 least five (5) years after the effective date of this
6 act, three percent (3%) of the member's final average
7 salary multiplied by the member's years of credited
8 service, not to exceed thirty (30) years, and
9 d. for members who retire and terminate employment on or
10 after the effective date of this act, but do not have
11 the minimum years of credited service to qualify for
12 the benefit outlined in subparagraphs a and b of this
13 paragraph, or retire and terminate employment prior to
14 the date outlined in subparagraph c of this paragraph,
15 two and one-half percent (2 1/2%) of the member's
16 final average salary multiplied by the member's years
17 of credited service, not to exceed thirty (30) years;

18 19. "Normal disability benefit" means:

19 a. for benefits computed prior to the effective date of
20 this act, the greater of:

21 a.

22 (1) two and one-half percent (2 1/2%) of the member's
23 final average salary multiplied by twenty (20)
24

1 years, notwithstanding the years of actual
2 credited service, or

3 ~~b.~~

4 (2) two and one-half percent (2 1/2%) of the member's
5 final average salary multiplied by the years of
6 credited service of the member, not to exceed
7 thirty (30) years, if the officer has more than
8 twenty (20) years of credited service,

9 b. for benefits computed on or after the effective date
10 of this act, the greater of:

11 (1) three percent (3%) of the member's final average
12 salary multiplied by twenty (20) years,
13 notwithstanding the years of actual credited
14 service, or

15 (2) three percent (3%) of the member's final average
16 salary multiplied by the years of credited
17 service of the member, not to exceed thirty (30)
18 years, if the officer has more than twenty (20)
19 years of credited service;

20 20. "Limitation year" means the year used in applying the
21 limitations of Section 415 of the Internal Revenue Code of 1986, as
22 amended, which year shall be the calendar year;

1 21. "Paid base salary" means, effective July 1, 2016, any
2 compensation described in subparagraph a of this paragraph that is
3 not described in subparagraph b of this paragraph.

4 a. Paid base salary shall include only:

5 (1) normal compensation paid on a regularly scheduled
6 pay period including, but not limited to, regular
7 pay for holidays, paid time off, vacation or
8 annual leave, sick leave or compensatory time in
9 lieu of overtime, any lump sum payment paid in
10 lieu of a normal wage increase, provided such
11 lump sum payment is retroactively applied over
12 the prior twelve-month period ending with the
13 payment date, compensation for bomb squad pay,
14 education pay, incentive pay, K-9 pay,
15 negotiation pay, shift differential, sniper pay,
16 SWAT team pay, emergency response team pay, any
17 other special unit pay, and any incremental
18 increase in compensation which is not included by
19 the employer in a member's regular base pay for
20 salary increase purposes but is paid by the
21 employer to the member for group health benefits
22 based on an arrangement with a participating
23 municipality that was in place on December 31,
24 2015, so long as the arrangement continues

1 uninterrupted for a member employed by a
2 participating municipality on June 30, 2016, who
3 has not since terminated employment and been
4 rehired by such participating municipality,

5 (2) any amount of elective salary reduction under
6 Section 125 of the Internal Revenue Code of 1986,
7 as amended, that would have been treated as paid
8 base salary but for the salary deferral reduction
9 agreement,

10 (3) any amount of elective salary reduction not
11 includable in the gross income of the member
12 under Section 132(f)(4) of the Internal Revenue
13 Code of 1986, as amended, that would have been
14 treated as paid base salary but for the salary
15 deferral reduction agreement,

16 (4) any amount of elective salary reduction under
17 Section 457 of the Internal Revenue Code of 1986,
18 as amended, that would have been treated as paid
19 base salary but for the salary deferral reduction
20 agreement,

21 (5) any amount of elective salary reduction under
22 Section 401(k) of the Internal Revenue Code of
23 1986, as amended, that would have been treated as
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1 paid base salary but for the salary deferral
2 reduction agreement,

3 (6) any amount of nonelective salary reduction under
4 Section 414(h) of the Internal Revenue Code of
5 1986, as amended,

6 (7) educational allowances paid to obtain training
7 certification or pursue an advanced degree,

8 (8) longevity payments made to members based upon a
9 standardized plan which recognizes length of
10 service to the participating municipality,

11 (9) paid base salary shall also include base salary,
12 as described in divisions (1) through (8) of this
13 subparagraph, for services, but paid by the later
14 of two and one-half (2 1/2) months after a
15 member's severance from employment or the end of
16 the calendar year that includes the date the
17 member terminated employment, if it is a payment
18 that, absent a severance from employment, would
19 have been paid to the member while the member
20 continued in employment with the participating
21 municipality,

22 (10) any payments not described in divisions (1)
23 through (9) of this subparagraph shall not be
24 considered paid base salary if paid after

1 severance from employment, even if they are paid
2 by the later of two and one-half (2 1/2) months
3 after the date of severance from employment or
4 the end of the calendar year that includes the
5 date of severance from employment, except
6 payments to an individual who does not currently
7 perform services for the participating
8 municipality by reason of qualified military
9 service within the meaning of Section 414(u) (5)
10 of the Internal Revenue Code of 1986, as amended,
11 to the extent these payments do not exceed the
12 amounts the individual would have received if the
13 individual had continued to perform services for
14 the participating municipality rather than
15 entering qualified military service,

16 (11) back pay, within the meaning of Section 1.415(c)-
17 2(g) (8) of the Income Tax Regulations, shall be
18 treated as paid base salary for the limitation
19 year to which the back pay relates to the extent
20 the back pay represents wages and compensation
21 that would otherwise be included in this
22 definition, and
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1 (12) paid base salary shall also include differential
2 wage payments under Section 414(u) (12) of the
3 Internal Revenue Code of 1986, as amended.

4 b. Notwithstanding anything to the contrary in this
5 section, paid base salary shall not include any:

6 (1) fringe benefits, reimbursements, or increases in
7 compensation due to reimbursements to the extent
8 not specifically included above in subparagraph a
9 of this paragraph,

10 (2) incremental increase in compensation which is not
11 included by the employer in a member's regular
12 base pay for salary increase purposes but is paid
13 by the employer to the member for group health
14 benefits not otherwise included above in division
15 (1) of subparagraph a of this paragraph,

16 (3) insurance benefits, including any reimbursements
17 thereof, or insurance proceeds of any type not
18 otherwise included above in division (1) of
19 subparagraph a of this paragraph,

20 (4) bonuses, including signing bonuses, lump-sum
21 payments or stipends made to the member not
22 otherwise included above in division (1) of
23 subparagraph a of this paragraph,

24 (5) overtime compensation,

- (6) payments whether prior to or upon termination of employment for accumulated unused vacation or unused annual leave, accumulated unused sick leave, or accumulated unused paid time off or other unused leave,
- (7) payments made in error to a member,
- (8) payments made by the participating municipality for services rendered by the member, which services are not part of the member's job duties and responsibilities of his or her job position with the participating municipality,
- (9) severance pay,
- (10) unemployment payments, and
- (11) uniform and equipment allowances; and

22. "Actuarial equivalent" means equality in value of the aggregate amounts expected to be received based on interest rate and mortality assumptions set by the State Board, in a manner that precludes employer discretion, and based upon recommendations from independent professional advisors, and which shall be published annually in the actuarial report.

SECTION 3. AMENDATORY 11 O.S. 2021, Section 50-109, as amended by Section 1, Chapter 53, O.S.L. 2023 (11 O.S. Supp. 2023, Section 50-109), is amended to read as follows:

1 Section 50-109. Any municipality participating in the Oklahoma
2 Police Pension and Retirement System shall appropriate funds, for
3 the use and benefit of the System, as provided in the following
4 schedule:

5 1. Prior to July 1, 1991, a minimum of ten percent (10%) of the
6 actual paid base salary of each member of the System employed by the
7 municipality;

8 2. Beginning July 1, 1991, a minimum of ten and one-half
9 percent (10 1/2%) of the actual paid base salary of each member of
10 the System employed by the municipality;

11 3. Beginning July 1, 1992, a minimum of eleven percent (11%) of
12 the actual paid base salary of each member of the System employed by
13 the municipality;

14 4. Beginning July 1, 1993, a minimum of eleven and one-half
15 percent (11 1/2%) of the actual paid base salary of each member of
16 the System employed by the municipality;

17 5. Beginning July 1, 1994, a minimum of twelve percent (12%) of
18 the actual paid base salary of each member of the System employed by
19 the municipality;

20 6. Beginning July 1, 1995, a minimum of twelve and one-half
21 percent (12 1/2%) of the actual paid base salary of each member of
22 the System employed by the municipality; ~~and~~

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1 7. Beginning July 1, 1996, a minimum of thirteen percent (13%)
2 of the actual paid base salary of each member of the System employed
3 by the municipality; and

4 8. Beginning on the effective date of this act, a minimum of
5 fourteen percent (14%) of the actual paid base salary of each member
6 of the System employed by the municipality.

7 The sum appropriated shall be paid online to the System within
8 ten (10) days following the payroll period on which the contribution
9 is based.

10 The state shall make such appropriation as is necessary to
11 assure the retirement benefits provided by the article.

12 SECTION 4. AMENDATORY 11 O.S. 2021, Section 50-110, as
13 amended by Section 2, Chapter 53, O.S.L. 2023 (11 O.S. Supp. 2023,
14 Section 50-110), is amended to read as follows:

15 Section 50-110. A. Each member in the Oklahoma Police Pension
16 and Retirement System prior to the effective date of this act shall
17 contribute to the System a minimum of eight percent (8%) of the
18 member's actual paid base salary. On or after the effective date of
19 this act, each member shall contribute to the System a minimum of
20 nine percent (9%).

21 At the option of the participating municipality, the
22 participating municipality may pay all or any part of the member's
23 required contribution. The sums contributed shall be paid online to
24 the System as provided in this article within ten (10) days

1 following the payroll period on which the contributions are based.
2 Amounts deducted from the salary of a member and not paid to the
3 System after thirty (30) days from each ending payroll date shall be
4 subject to a monthly late charge of one and one-half percent (1
5 1/2%) of the unpaid balance to be paid by the municipality to the
6 System. All funds received by a participating municipality for
7 police retirement purposes shall be forwarded to the State Oklahoma
8 Police Pension and Retirement Board for credit to the Oklahoma
9 Police Pension and Retirement Fund.

10 B. Each municipality shall pick up under the provisions of
11 Section 414(h) (2) of the Internal Revenue Code of 1986 and pay the
12 contribution which the member is required by law to make to the
13 System for all compensation earned after December 31, 1988.
14 Although the contributions so picked up are designated as member
15 contributions, such contributions shall be treated as contributions
16 being paid by the municipality in lieu of contributions by the
17 member in determining tax treatment under the Internal Revenue Code
18 of 1986 and such ~~picked-up~~ picked-up contributions shall not be
19 includable in the gross income of the member until such amounts are
20 distributed or made available to the member or the beneficiary of
21 the member. The member, by the terms of this System, shall not have
22 any option to choose to receive the contributions so picked up
23 directly and the ~~picked-up~~ picked-up contributions must be paid by
24 the municipality to the System.

1 Member contributions which are picked up shall be treated in the
2 same manner and to the same extent as member contributions made
3 prior to the date on which member contributions were picked up by
4 the municipality. Member contributions so picked up shall be
5 included in gross salary for purposes of determining benefits and
6 contributions under the System.

7 The municipality shall pay the member contributions from the
8 same source of funds used in paying salary to the member, by
9 effecting an equal cash reduction in gross salary of the member.

10 SECTION 5. AMENDATORY 11 O.S. 2021, Section 50-111.1, is
11 amended to read as follows:

12 Section 50-111.1. A. A member who terminates service before
13 normal retirement date, other than by death or disability, shall,
14 upon application filed with the ~~State~~ Oklahoma Police Pension and
15 Retirement Board, be refunded from the Oklahoma Police Pension and
16 Retirement Fund an amount equal to the accumulated contributions the
17 member has made to the ~~Fund~~ fund, but excluding any interest or any
18 amount contributed by the municipality or state. If a member
19 withdraws the member's accumulated contributions, such member shall
20 not have any recourse against the System for any type of additional
21 benefits including, but not limited to, disability benefits. If a
22 member has completed ten (10) years of credited service at the date
23 of termination, the member may elect a vested benefit in lieu of
24 receiving the member's accumulated contributions.

1 If the member who has completed ten (10) or more years of
2 credited service elects the vested benefit, the member shall be
3 entitled to a monthly retirement annuity commencing on the date the
4 member reaches fifty (50) years of age or the date the member would
5 have had twenty (20) years of credited service had the member's
6 employment continued uninterrupted, whichever is later. The annual
7 amount of such retirement annuity shall be equal to two and one-half
8 percent (2 1/2%) of the annualized final average salary multiplied
9 by the number of years of credited service. For a monthly
10 retirement annuity commencing on or after the effective date of this
11 act, the annual amount of such retirement annuity shall be computed
12 pursuant to the annualized final average salary as defined pursuant
13 to paragraph 17 of Section 50-101 of this title multiplied by the
14 number of years of credited service.

15 If a terminated member has elected a vested benefit and
16 subsequently returns to work as a police officer of a participating
17 municipality, ~~their~~ his or her vested benefit will be set aside and
18 prior credited service will be reinstated.

19 B. If a member who terminates employment and elects a vested
20 benefit dies prior to being eligible to receive benefits, the
21 member's beneficiary shall be entitled to the member's normal
22 monthly accrued retirement benefits on the date the deceased member
23 would have been eligible to receive the benefit.

24

1 C. Whenever a member has terminated or hereafter terminates
2 covered employment and has withdrawn or hereafter withdraws the
3 member's accumulated contributions and has rejoined or hereafter
4 rejoins the System, the member, upon proper application and approval
5 by the Board, may pay to the System the sum of the accumulated
6 contributions the member has withdrawn or hereafter withdraws plus
7 ten percent (10%) annual interest from the date of withdrawal and
8 shall receive the same benefits as if the member had never withdrawn
9 the contributions. A lump-sum payment for repayment of any amounts
10 received because of a member's prior termination may be repaid by
11 trustee-to-trustee transfers of non-Roth funds from a Section 403(b)
12 annuity, an eligible Section 457(b) plan, and/or a Section 401(a)
13 qualified plan. Those members who at the time of termination of
14 employment could not withdraw any of their accumulated contributions
15 shall receive credited service for the time employed as an officer
16 prior to any such termination upon proper application and approval
17 by the Board. To receive credit for such service, all required
18 contributions and interest shall be paid within ninety (90) days of
19 Board approval of the application. The provisions of this
20 subsection shall not apply to any member who is receiving benefits
21 from the System as of July 1, 1987.

22 D. If an active member dies and does not leave a surviving
23 beneficiary under paragraph 13 of Section 50-101 of this title, the
24 accumulated contributions made to the System by the member shall be

1 ENGROSSED SENATE
2 BILL NO. 102

By: Garvin and Hamilton of the
Senate

3 and

4 Bashore of the House

5
6 An Act relating to the Oklahoma Police Pension and
7 Retirement System; amending 11 O.S. 2021, Sections
8 50-101, as amended by Section 2, Chapter 306, O.S.L.
9 2022, 50-109, as amended by Section 1, Chapter 53,
10 O.S.L. 2023, 50-110, as amended by Section 2, Chapter
11 53, O.S.L. 2023, and 50-111.1 (11 O.S. Supp. 2023,
12 Sections 50-101, 50-109, and 50-110), which relate to
13 definitions, employee and employer contributions, and
14 termination of employment; modifying definitions;
15 increasing minimum employee contribution for certain
16 members of System; increasing computation of certain
17 monthly benefits; providing for effective dates of
18 certain increase; increasing employer contribution;
19 updating statutory language; making language gender
20 neutral; amending 62 O.S. 2021, Section 3103, as last
21 amended by Section 1, Chapter 306, O.S.L. 2022 (62
22 O.S. Supp. 2023, Section 3103), which relates to the
23 Oklahoma Pension Legislation Actuarial Analysis Act;
24 updating statutory language; updating statutory
references; modifying definition; providing effective
dates; and declaring an emergency.

19 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

20 SECTION 8. AMENDATORY 11 O.S. 2021, Section 50-101, as
21 amended by Section 2, Chapter 306, O.S.L. 2022 (11 O.S. Supp. 2023,
22 Section 50-101), is amended to read as follows:

23 Section 50-101. As used in this article:

1 1. "System" means the Oklahoma Police Pension and Retirement
2 System and all predecessor municipal ~~Police Pension and Retirement~~
3 ~~Systems~~ police pension and retirement systems;

4 2. "Article" means Article 50 of this title;

5 3. "State Board" means the Oklahoma Police Pension and
6 Retirement Board;

7 4. "Fund" means the Oklahoma Police Pension and Retirement
8 Fund;

9 5. "Officer" means any duly appointed and sworn full-time
10 officer of the regular police department of a municipality whose
11 duties are to preserve the public peace, protect life and property,
12 prevent crime, serve warrants, enforce all laws and municipal
13 ordinances of this state, and any political subdivision thereof, and
14 who is authorized to bear arms in the execution of such duties;

15 6. "Member" means all eligible officers of a participating
16 municipality and any person hired by a participating municipality
17 who is undergoing police training to become a permanent police
18 officer of the municipality. Effective July 1, 1987, a member does
19 not include a "leased employee" as defined under Section 414(n)(2)
20 of the Internal Revenue Code of 1986, as amended. Effective July 1,
21 1999, any individual who agrees with the participating municipality
22 that the individual's services are to be performed as a leased
23 employee or an independent contractor shall not be a member
24 regardless of any classification as a common law employee by the

1 Internal Revenue Service or any other governmental agency, or any
2 court of competent jurisdiction. A member shall include eligible
3 commissioned officers of the Oklahoma State Bureau of Narcotics and
4 Dangerous Drugs Control, the Oklahoma State Bureau of Investigation,
5 and the Alcoholic Beverage Laws Enforcement Commission who elect to
6 participate in the System pursuant to Section 50-111.5 of this
7 title;

8 7. "Normal retirement date" means the date at which the member
9 is eligible to receive the unreduced payments of the member's
10 accrued retirement benefit. Such date shall be the first day of the
11 month coinciding with or following the date the member completes
12 twenty (20) years of credited service. If the member's employment
13 continues past the normal retirement date of the member, the actual
14 retirement date of the member shall be the first day of the month
15 after the member terminates employment with more than twenty (20)
16 years of credited service;

17 8. "Credited service" means the period of service used to
18 determine the eligibility for and the amount of benefits payable to
19 a member. Credited service shall consist of the period during which
20 the member participated in the System or the predecessor municipal
21 systems as an active employee in an eligible membership
22 classification, plus any service prior to the establishment of the
23 predecessor municipal systems which was credited under the
24

1 predecessor municipal systems or credited service granted by the
2 State Board;

3 9. "Participating municipality" means a municipality which is
4 making contributions to the System on behalf of its officers. The
5 Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the
6 Oklahoma State Bureau of Investigation, and the Alcoholic Beverage
7 Laws Enforcement Commission shall be treated in the same manner as a
8 participating municipality only regarding those members who elect to
9 participate in the System pursuant to Section 50-111.5 of this
10 title;

11 10. "Permanent total disability" means incapacity due to
12 accidental injury or occupational disease, to earn any wages in the
13 employment for which the member is physically suited and reasonably
14 fitted through education, training or experience. Further, the
15 member must be declared one hundred percent (100%) impaired as
16 defined by the ~~"American Medical Association's Guides to the~~
17 ~~Evaluation of Permanent Impairment"~~ American Medical Association
18 Guides to the Evaluation of Permanent Impairment on the basis of a
19 physical medical examination by a physician licensed to practice
20 medicine in this state, as selected by the State Board;

21 11. "Permanent partial disability" means permanent disability
22 which is less than permanent total disability as defined in this
23 section. The member must be declared no greater than ninety-nine
24 percent (99%) impaired as defined by the ~~"American Medical~~

1 ~~Association's Guides to the Evaluation of Permanent Impairment"~~
2 American Medical Association Guides to the Evaluation of Permanent
3 Impairment on the basis of a physical medical examination by a
4 physician licensed to practice medicine in this state, as selected
5 by the State Board;

6 12. "Permanent in-line disability" means when a police officer
7 serving in any capacity at a regular police department of a
8 participating municipality becomes so physically or mentally
9 disabled, as determined by an independent medical examiner,
10 psychiatrist, or psychologist selected by the State Board, while in,
11 and in consequence of, the performance of authorizing activities
12 while on duty as an officer that he or she is unable to perform the
13 required duties of a police officer;

14 13. "Beneficiary" means a member's surviving spouse or any
15 surviving children, including biological and adopted children, at
16 the time of the member's death. The surviving spouse must have been
17 married to the member for the thirty (30) continuous months
18 immediately preceding the member's death, provided a surviving
19 spouse of a member who died while in, and as a consequence of, the
20 performance of the member's duty for a participating municipality,
21 shall not be subject to the thirty-month marriage requirement for
22 survivor benefits. A surviving child of a member shall be a
23 beneficiary until reaching eighteen (18) years of age or twenty-two
24 (22) years of age if the child is enrolled ~~full-time~~ full-time and

1 regularly attending a public or private school or any institution of
2 higher education. Any child adopted by a member after the member's
3 retirement shall be a beneficiary only if the child is adopted by
4 the member for the thirty (30) continuous months preceding the
5 member's death. Any child who is adopted by a member after the
6 member's retirement and such member dies accidentally or as a
7 consequence of the performance of the member's duty as a police
8 officer shall not be subject to the thirty-month adoption
9 requirement. This definition of beneficiary shall be in addition to
10 any other requirement set forth in this article;

11 14. "Executive Director" means the managing officer of the
12 System employed by the State Board;

13 15. "Eligible employer" means any municipality with a municipal
14 police department;

15 16. "Entry date" means the date as of which an eligible
16 employer joins the System. The first entry date pursuant to this
17 article shall be January 1, 1981;

18 17. "Final average salary" means the average paid base salary
19 of the member for normally scheduled hours over the highest salaried
20 thirty (30) consecutive months of the last sixty (60) months of
21 credited service. Effective July 1, 2016, the following shall apply
22 in computing final average salary:
23
24

- 1 a. only paid base salary on which required contributions
2 have been made shall be used in computing a member's
3 final average salary,
- 4 b. for purposes of determining the normal disability
5 benefit only, final average salary shall be based on
6 the member's total service if less than thirty (30)
7 months,
- 8 c. in addition to other applicable limitations, and
9 notwithstanding any other provision to the contrary,
10 for plan years beginning on or after July 1, 2002, the
11 annual compensation of each ~~"Noneligible Member"~~
12 noneligible member taken into account under the System
13 shall not exceed the Economic Growth and Tax Relief
14 Reconciliation Act of 2001 (EGTRRA) annual
15 compensation limit. The EGTRRA annual compensation
16 limit is Two Hundred Thousand Dollars (\$200,000.00),
17 as adjusted by the Commissioner for increases in the
18 cost of living in accordance with Section
19 401(a)(17)(B) of the Internal Revenue Code of 1986, as
20 amended. The annual compensation limit in effect for
21 a calendar year applies to any period, not exceeding
22 twelve (12) months, over which compensation is
23 determined ("determination period") beginning in such
24 calendar year. If a determination period consists of

1 fewer than twelve (12) months, the EGTRRA annual
2 compensation limit will be multiplied by a fraction,
3 the numerator of which is the number of months in the
4 determination period, and the denominator of which is
5 twelve (12). For purposes of this section, a
6 ~~"Noneligible Member"~~ noneligible member is any member
7 who first became a member during a plan year
8 commencing on or after July 1, 1996,

- 9 d. for plan years beginning on or after July 1, 2002, any
10 reference in the System to the annual compensation
11 limit under Section 401(a)(17) of the Internal Revenue
12 Code of 1986, as amended, shall mean the EGTRRA annual
13 compensation limit set forth in this provision, and
14 e. effective January 1, 2008, back pay, within the
15 meaning of Section 1.415(c)-2(g)(8) of the Income Tax
16 Regulations, shall be treated as paid base salary for
17 the limitation year to which the back pay relates to
18 the extent the back pay represents wages and
19 compensation that would otherwise be included in this
20 definition;

21 18. "Accrued retirement benefit" means, for benefits computed
22 prior to the effective date of this act, two and one-half percent (2
23 1/2%) of the member's final average salary multiplied by the
24 member's years of credited service not to exceed thirty (30) years.

1 For a member who retires on or after the effective date of this
2 act, accrued retirement benefit shall mean:

3 a. for members who retire and terminate employment at
4 least one year after the effective date of this act,
5 and have at least twenty-five (25) years of credited
6 service, two and three-quarters percent (2.75%) of the
7 member's final average salary multiplied by the
8 member's years of credited service, not to exceed
9 thirty (30) years,

10 b. for members who retire and terminate employment at
11 least two (2) years after the effective date of this
12 act, and have at least twenty (20) years of credited
13 service, two and three-quarters percent (2.75%) of the
14 member's final average salary multiplied by the
15 member's years of credited service, not to exceed
16 thirty (30) years,

17 c. for members who retire and terminate employment at
18 least five (5) years after the effective date of this
19 act, two and three-quarters percent (2.75%) of the
20 member's final average salary multiplied by the
21 member's years of credited service, not to exceed
22 thirty (30) years, and

23 d. for members who retire and terminate employment on or
24 after the effective date of this act, but do not have

1 the minimum years of credited service to qualify for
2 the benefit outlined in subparagraphs a and b of this
3 paragraph, or retire and terminate employment prior to
4 the date outlined in subparagraph c of this paragraph,
5 two and one-half percent (2.5%) of the member's final
6 average salary multiplied by the member's years of
7 credited service, not to exceed thirty (30) years;

8 19. "Normal disability benefit" means:

9 a. for benefits computed prior to the effective date of
10 this act, the greater of:

11 ~~a.~~ (1) two and one-half percent (2 1/2%) of the
12 member's final average salary multiplied by
13 twenty (20) years, notwithstanding the years of
14 actual credited service, or

15 ~~b.~~ (2) two and one-half percent (2 1/2%) of the
16 member's final average salary multiplied by the
17 years of credited service of the member, not to
18 exceed thirty (30) years, if the officer has more
19 than twenty (20) years of credited service,

20 b. for benefits computed on or after the effective date
21 of this act, the greater of:

22 (1) two and three-quarters percent (2.75%) of the
23 member's final average salary multiplied by
24

1 twenty (20) years, notwithstanding the years of
2 actual credited service, or

3 (2) two and three-quarters percent (2.75%) of the
4 member's final average salary multiplied by the
5 years of credited service of the member, not to
6 exceed thirty (30) years, if the officer has more
7 than twenty (20) years of credited service;

8 20. "Limitation year" means the year used in applying the
9 limitations of Section 415 of the Internal Revenue Code of 1986, as
10 amended, which year shall be the calendar year;

11 21. "Paid base salary" means, effective July 1, 2016, any
12 compensation described in subparagraph a of this paragraph that is
13 not described in subparagraph b of this paragraph.

14 a. Paid base salary shall include only:

15 (1) normal compensation paid on a regularly scheduled
16 pay period including, but not limited to, regular
17 pay for holidays, paid time off, vacation or
18 annual leave, sick leave or compensatory time in
19 lieu of overtime, any lump sum payment paid in
20 lieu of a normal wage increase, provided such
21 lump sum payment is retroactively applied over
22 the prior twelve-month period ending with the
23 payment date, compensation for bomb squad pay,
24 education pay, incentive pay, K-9 pay,

1 negotiation pay, shift differential, sniper pay,
2 SWAT team pay, emergency response team pay, any
3 other special unit pay, and any incremental
4 increase in compensation which is not included by
5 the employer in a member's regular base pay for
6 salary increase purposes but is paid by the
7 employer to the member for group health benefits
8 based on an arrangement with a participating
9 municipality that was in place on December 31,
10 2015, so long as the arrangement continues
11 uninterrupted for a member employed by a
12 participating municipality on June 30, 2016, who
13 has not since terminated employment and been
14 rehired by such participating municipality,

(2) any amount of elective salary reduction under
15 Section 125 of the Internal Revenue Code of 1986,
16 as amended, that would have been treated as paid
17 base salary but for the salary deferral reduction
18 agreement,

(3) any amount of elective salary reduction not
19 includable in the gross income of the member
20 under Section 132(f)(4) of the Internal Revenue
21 Code of 1986, as amended, that would have been
22
23
24

1 treated as paid base salary but for the salary
2 deferral reduction agreement,

3 (4) any amount of elective salary reduction under
4 Section 457 of the Internal Revenue Code of 1986,
5 as amended, that would have been treated as paid
6 base salary but for the salary deferral reduction
7 agreement,

8 (5) any amount of elective salary reduction under
9 Section 401(k) of the Internal Revenue Code of
10 1986, as amended, that would have been treated as
11 paid base salary but for the salary deferral
12 reduction agreement,

13 (6) any amount of nonelective salary reduction under
14 Section 414(h) of the Internal Revenue Code of
15 1986, as amended,

16 (7) educational allowances paid to obtain training
17 certification or pursue an advanced degree,

18 (8) longevity payments made to members based upon a
19 standardized plan which recognizes length of
20 service to the participating municipality,

21 (9) paid base salary shall also include base salary,
22 as described in divisions (1) through (8) of this
23 subparagraph, for services, but paid by the later
24 of two and one-half (2 1/2) months after a

1 member's severance from employment or the end of
2 the calendar year that includes the date the
3 member terminated employment, if it is a payment
4 that, absent a severance from employment, would
5 have been paid to the member while the member
6 continued in employment with the participating
7 municipality,

8 (10) any payments not described in divisions (1)
9 through (9) of this subparagraph shall not be
10 considered paid base salary if paid after
11 severance from employment, even if they are paid
12 by the later of two and one-half (2 1/2) months
13 after the date of severance from employment or
14 the end of the calendar year that includes the
15 date of severance from employment, except
16 payments to an individual who does not currently
17 perform services for the participating
18 municipality by reason of qualified military
19 service within the meaning of Section 414(u) (5)
20 of the Internal Revenue Code of 1986, as amended,
21 to the extent these payments do not exceed the
22 amounts the individual would have received if the
23 individual had continued to perform services for
24

1 the participating municipality rather than
2 entering qualified military service,

3 (11) back pay, within the meaning of Section 1.415(c)-
4 2(g) (8) of the Income Tax Regulations, shall be
5 treated as paid base salary for the limitation
6 year to which the back pay relates to the extent
7 the back pay represents wages and compensation
8 that would otherwise be included in this
9 definition, and

10 (12) paid base salary shall also include differential
11 wage payments under Section 414(u) (12) of the
12 Internal Revenue Code of 1986, as amended.

13 b. Notwithstanding anything to the contrary in this
14 section, paid base salary shall not include any:

15 (1) fringe benefits, reimbursements, or increases in
16 compensation due to reimbursements to the extent
17 not specifically included above in subparagraph a
18 of this paragraph,

19 (2) incremental increase in compensation which is not
20 included by the employer in a member's regular
21 base pay for salary increase purposes but is paid
22 by the employer to the member for group health
23 benefits not otherwise included above in division
24 (1) of subparagraph a of this paragraph,

- 1 (3) insurance benefits, including any reimbursements
2 thereof, or insurance proceeds of any type not
3 otherwise included above in division (1) of
4 subparagraph a of this paragraph,
- 5 (4) bonuses, including signing bonuses, lump-sum
6 payments or stipends made to the member not
7 otherwise included above in division (1) of
8 subparagraph a of this paragraph,
- 9 (5) overtime compensation,
- 10 (6) payments whether prior to or upon termination of
11 employment for accumulated unused vacation or
12 unused annual leave, accumulated unused sick
13 leave, or accumulated unused paid time off or
14 other unused leave,
- 15 (7) payments made in error to a member,
- 16 (8) payments made by the participating municipality
17 for services rendered by the member, which
18 services are not part of the member's job duties
19 and responsibilities of his or her job position
20 with the participating municipality,
- 21 (9) severance pay,
- 22 (10) unemployment payments, and
- 23 (11) uniform and equipment allowances; and
- 24

1 22. "Actuarial equivalent" means equality in value of the
2 aggregate amounts expected to be received based on interest rate and
3 mortality assumptions set by the State Board, in a manner that
4 precludes employer discretion, and based upon recommendations from
5 independent professional advisors, and which shall be published
6 annually in the actuarial report.

7 SECTION 9. AMENDATORY 11 O.S. 2021, Section 50-109, as
8 amended by Section 1, Chapter 53, O.S.L. 2023 (11 O.S. Supp. 2023,
9 Section 50-109), is amended to read as follows:

10 Section 50-109. Any municipality participating in the Oklahoma
11 Police Pension and Retirement System shall appropriate funds, for
12 the use and benefit of the System, as provided in the following
13 schedule:

14 1. Prior to July 1, 1991, a minimum of ten percent (10%) of the
15 actual paid base salary of each member of the System employed by the
16 municipality;

17 2. Beginning July 1, 1991, a minimum of ten and one-half
18 percent (10 1/2%) of the actual paid base salary of each member of
19 the System employed by the municipality;

20 3. Beginning July 1, 1992, a minimum of eleven percent (11%) of
21 the actual paid base salary of each member of the System employed by
22 the municipality;

1 4. Beginning July 1, 1993, a minimum of eleven and one-half
2 percent (11 1/2%) of the actual paid base salary of each member of
3 the System employed by the municipality;

4 5. Beginning July 1, 1994, a minimum of twelve percent (12%) of
5 the actual paid base salary of each member of the System employed by
6 the municipality;

7 6. Beginning July 1, 1995, a minimum of twelve and one-half
8 percent (12 1/2%) of the actual paid base salary of each member of
9 the System employed by the municipality; ~~and~~

10 7. Beginning July 1, 1996, a minimum of thirteen percent (13%)
11 of the actual paid base salary of each member of the System employed
12 by the municipality; and

13 8. Beginning on the effective date of this act, a minimum of
14 fourteen percent (14%) of the actual paid base salary of each member
15 of the System employed by the municipality.

16 The sum appropriated shall be paid online to the System within
17 ten (10) days following the payroll period on which the contribution
18 is based.

19 The state shall make such appropriation as is necessary to
20 assure the retirement benefits provided by the article.

21 SECTION 10. AMENDATORY 11 O.S. 2021, Section 50-110, as
22 amended by Section 2, Chapter 53, O.S.L. 2023 (11 O.S. Supp. 2023,
23 Section 50-110), is amended to read as follows:

1 Section 50-110. A. Each member in the Oklahoma Police Pension
2 and Retirement System prior to the effective date of this act shall
3 contribute to the System a minimum of eight percent (8%) of the
4 member's actual paid base salary. On or after the effective date of
5 this act, each member shall contribute to the System a minimum of
6 nine percent (9%).

7 At the option of the participating municipality, the
8 participating municipality may pay all or any part of the member's
9 required contribution. The sums contributed shall be paid online to
10 the System as provided in this article within ten (10) days
11 following the payroll period on which the contributions are based.
12 Amounts deducted from the salary of a member and not paid to the
13 System after thirty (30) days from each ending payroll date shall be
14 subject to a monthly late charge of one and one-half percent (1
15 1/2%) of the unpaid balance to be paid by the municipality to the
16 System. All funds received by a participating municipality for
17 police retirement purposes shall be forwarded to the State Oklahoma
18 Police Pension and Retirement Board for credit to the Oklahoma
19 Police Pension and Retirement Fund.

20 B. Each municipality shall pick up under the provisions of
21 Section 414(h)(2) of the Internal Revenue Code of 1986 and pay the
22 contribution which the member is required by law to make to the
23 System for all compensation earned after December 31, 1988.
24 Although the contributions so picked up are designated as member

1 contributions, such contributions shall be treated as contributions
2 being paid by the municipality in lieu of contributions by the
3 member in determining tax treatment under the Internal Revenue Code
4 of 1986 and such ~~picked-up~~ picked-up contributions shall not be
5 includable in the gross income of the member until such amounts are
6 distributed or made available to the member or the beneficiary of
7 the member. The member, by the terms of this System, shall not have
8 any option to choose to receive the contributions so picked up
9 directly and the ~~picked-up~~ picked-up contributions must be paid by
10 the municipality to the System.

11 Member contributions which are picked up shall be treated in the
12 same manner and to the same extent as member contributions made
13 prior to the date on which member contributions were picked up by
14 the municipality. Member contributions so picked up shall be
15 included in gross salary for purposes of determining benefits and
16 contributions under the System.

17 The municipality shall pay the member contributions from the
18 same source of funds used in paying salary to the member, by
19 effecting an equal cash reduction in gross salary of the member.

20 SECTION 11. AMENDATORY 11 O.S. 2021, Section 50-111.1,
21 is amended to read as follows:

22 Section 50-111.1. A. A member who terminates service before
23 normal retirement date, other than by death or disability, shall,
24 upon application filed with the ~~State~~ Oklahoma Police Pension and

1 Retirement Board, be refunded from the Oklahoma Police Pension and
2 Retirement Fund an amount equal to the accumulated contributions the
3 member has made to the ~~Fund~~ fund, but excluding any interest or any
4 amount contributed by the municipality or state. If a member
5 withdraws the member's accumulated contributions, such member shall
6 not have any recourse against the System for any type of additional
7 benefits including, but not limited to, disability benefits. If a
8 member has completed ten (10) years of credited service at the date
9 of termination, the member may elect a vested benefit in lieu of
10 receiving the member's accumulated contributions.

11 If the member who has completed ten (10) or more years of
12 credited service elects the vested benefit, the member shall be
13 entitled to a monthly retirement annuity commencing on the date the
14 member reaches fifty (50) years of age or the date the member would
15 have had twenty (20) years of credited service had the member's
16 employment continued uninterrupted, whichever is later. The annual
17 amount of such retirement annuity shall be equal to two and one-half
18 percent (2 1/2%) of the annualized final average salary multiplied
19 by the number of years of credited service. For a monthly
20 retirement annuity commencing on or after the effective date of this
21 act, the annual amount of such retirement annuity shall be computed
22 pursuant to the annualized final average salary as defined pursuant
23 to paragraph 17 of Section 50-101 of this title multiplied by the
24 number of years of credited service.

1 If a terminated member has elected a vested benefit and
2 subsequently returns to work as a police officer of a participating
3 municipality, ~~their~~ his or her vested benefit will be set aside and
4 prior credited service will be reinstated.

5 B. If a member who terminates employment and elects a vested
6 benefit dies prior to being eligible to receive benefits, the
7 member's beneficiary shall be entitled to the member's normal
8 monthly accrued retirement benefits on the date the deceased member
9 would have been eligible to receive the benefit.

10 C. Whenever a member has terminated or hereafter terminates
11 covered employment and has withdrawn or hereafter withdraws the
12 member's accumulated contributions and has rejoined or hereafter
13 rejoins the System, the member, upon proper application and approval
14 by the Board, may pay to the System the sum of the accumulated
15 contributions the member has withdrawn or hereafter withdraws plus
16 ten percent (10%) annual interest from the date of withdrawal and
17 shall receive the same benefits as if the member had never withdrawn
18 the contributions. A lump-sum payment for repayment of any amounts
19 received because of a member's prior termination may be repaid by
20 trustee-to-trustee transfers of non-Roth funds from a Section 403(b)
21 annuity, an eligible Section 457(b) plan, and/or a Section 401(a)
22 qualified plan. Those members who at the time of termination of
23 employment could not withdraw any of their accumulated contributions
24 shall receive credited service for the time employed as an officer

1 prior to any such termination upon proper application and approval
2 by the Board. To receive credit for such service, all required
3 contributions and interest shall be paid within ninety (90) days of
4 Board approval of the application. The provisions of this
5 subsection shall not apply to any member who is receiving benefits
6 from the System as of July 1, 1987.

7 D. If an active member dies and does not leave a surviving
8 beneficiary under paragraph 13 of Section 50-101 of this title, the
9 accumulated contributions made to the System by the member shall be
10 paid to the member's estate or, if properly designated by the
11 member, a trust.

12 SECTION 12. AMENDATORY 62 O.S. 2021, Section 3103, as
13 last amended by Section 1, Chapter 306, O.S.L. 2022 (62 O.S. Supp.
14 2023, Section 3103), is amended to read as follows:

15 Section 3103. As used in the Oklahoma Pension Legislation
16 Actuarial Analysis Act:

17 1. "Amendment" means any amendment, including a substitute
18 bill, made to a retirement bill by any committee of the House of
19 Representatives or Senate, any conference committee of the House or
20 Senate or by the House or Senate;

21 2. "RB number" means that number preceded by the letters "RB"
22 assigned to a retirement bill by the respective staffs of the
23 ~~Oklahoma State~~ Senate and the ~~Oklahoma~~ House of Representatives when
24

1 the respective staff office prepares a retirement bill for a member
2 of the Legislature;

3 3. "Legislative Actuary" means the firm or entity that enters
4 into a contract with the Legislative Service Bureau pursuant to
5 Section 452.15 of Title 74 of the Oklahoma Statutes to provide the
6 actuarial services and other duties provided for in the Oklahoma
7 Pension Legislation Actuarial Analysis Act;

8 4. "Nonfiscal amendment" means an amendment to a retirement
9 bill having a fiscal impact, which amendment does not change any
10 factor of an actuarial investigation specified in subsection A of
11 Section 3109 of this title;

12 5. "Nonfiscal retirement bill" means a retirement bill:

13 a. which does not affect the cost or funding factors of a
14 retirement system,

15 b. which affects such factors only in a manner which does
16 not:

17 (1) grant a benefit increase under the retirement
18 system affected by the bill,

19 (2) create an actuarial accrued liability for or
20 increase the actuarial accrued liability of the
21 retirement system affected by the bill, or

22 (3) increase the normal cost of the retirement system
23 affected by the bill,

24

- 1 c. which authorizes the purchase by an active member of
2 the retirement system, at the actuarial cost for the
3 purchase as computed pursuant to the statute in effect
4 on the effective date of the measure allowing such
5 purchase, of years of service for purposes of reaching
6 a normal retirement date in the applicable retirement
7 system, but which cannot be used in order to compute
8 the number of years of service for purposes of
9 computing the retirement benefit for the member,
- 10 d. which provides for the computation of a service-
11 connected disability retirement benefit for members of
12 the Oklahoma Law Enforcement Retirement System
13 pursuant to Section 2-305 of Title 47 of the Oklahoma
14 Statutes if the members were unable to complete twenty
15 (20) years of service as a result of the disability,
- 16 e. which requires membership in the defined benefit plan
17 authorized by Section 901 et seq. of Title 74 of the
18 Oklahoma Statutes for persons whose first elected or
19 appointed service occurs on or after November 1, 2018,
20 if such persons had any prior service in the Oklahoma
21 Public Employees Retirement System prior to November
22 1, 2015,
- 23 f. which provides for a one-time increase in retirement
24 benefits if the increase in retirement benefits is not

1 a permanent increase in the gross annual retirement
2 benefit payable to a member or beneficiary, occurs
3 only once pursuant to a single statutory authorization
4 and does not exceed:

5 (1) the lesser of two percent (2%) of the gross
6 annual retirement benefit of the member or One
7 Thousand Dollars (\$1,000.00) and requires that
8 the benefit may only be provided if the funded
9 ratio of the affected retirement system would not
10 be less than sixty percent (60%) but not greater
11 than eighty percent (80%) after the benefit
12 increase is paid,

13 (2) the lesser of two percent (2%) of the gross
14 annual retirement benefit of the member or One
15 Thousand Two Hundred Dollars (\$1,200.00) and
16 requires that the benefit may only be provided if
17 the funded ratio of the affected retirement
18 system would be greater than eighty percent (80%)
19 but not greater than one hundred percent (100%)
20 after the benefit increase is paid,

21 (3) the lesser of two percent (2%) of the gross
22 annual retirement benefit of the member or One
23 Thousand Four Hundred Dollars (\$1,400.00) and
24 requires that the benefit may only be provided if

1 the funded ratio of the affected retirement
2 system would be greater than one hundred percent
3 (100%) after the benefit increase is paid, or
4 (4) the greater of two percent (2%) of the gross
5 annual retirement benefit of the volunteer
6 firefighter or One Hundred Dollars (\$100.00) for
7 persons who retired from the Oklahoma
8 Firefighters Pension and Retirement System as
9 volunteer firefighters and who did not retire
10 from the Oklahoma Firefighters Pension and
11 Retirement System as a paid firefighter.

12 As used in this subparagraph, "funded ratio" means the
13 figure derived by dividing the actuarial value of
14 assets of the applicable retirement system by the
15 actuarial accrued liability of the applicable
16 retirement system,

17 g. which modifies the disability pension standard for
18 police officers who are members of the Oklahoma Police
19 Pension and Retirement System as provided by Section ~~3~~
20 50-115 of ~~this act~~ Title 11 of the Oklahoma Statutes,

21 h. which provides a cost-of-living benefit increase
22 pursuant to the provisions of:

23 (1) Section 49-143.7 of Title 11 of the Oklahoma
24 Statutes,

1 (2) Section 50-136.9 of Title 11 of the Oklahoma
2 Statutes,

3 (3) Section 1104K of Title 20 of the Oklahoma
4 Statutes,

5 (4) Section 2-305.12 of Title 47 of the Oklahoma
6 Statutes,

7 (5) Section 17-116.22 of Title 70 of the Oklahoma
8 Statutes, or

9 (6) Section 930.11 of Title 74 of the Oklahoma
10 Statutes, ~~or~~

11 i. which modifies the computation of the line-of-duty
12 disability benefit pursuant to ~~the provisions of this~~
13 ~~act~~ this section and Sections 50-101 and 50-115 of
14 Title 11 of the Oklahoma Statutes,

15 j. which increases the computation factor used to
16 calculate the accrued retirement benefit and normal
17 disability benefit under paragraphs 18 and 19 of
18 Section 50-101 of Title 11 of the Oklahoma Statutes,
19 or

20 k. which increases the municipal contribution, employee
21 contribution, or both for members of the Oklahoma
22 Police Pension and Retirement System pursuant to
23 paragraph 8 of Section 50-109 of Title 11 of the

24

1 Oklahoma Statutes or subsection A of Section 50-110 of
2 Title 11 of the Oklahoma Statutes.

3 A nonfiscal retirement bill shall include any retirement bill that
4 has as its sole purpose the appropriation or distribution or
5 redistribution of monies in some manner to a retirement system for
6 purposes of reducing the unfunded liability of such system or the
7 earmarking of a portion of the revenue from a tax to a retirement
8 system or increasing the percentage of the revenue earmarked from a
9 tax to a retirement system;

10 6. "Reduction-in-cost amendment" means an amendment to a
11 retirement bill having a fiscal impact which reduces the cost of the
12 bill as such cost is determined by the actuarial investigation for
13 the bill prepared pursuant to Section 3109 of this title;

14 7. "Retirement bill" means any bill or joint resolution
15 introduced or any bill or joint resolution amended by a member of
16 the ~~Oklahoma~~ Legislature which creates or amends any law directly
17 affecting a retirement system. A retirement bill shall not mean a
18 bill or resolution that impacts the revenue of any state tax in
19 which a portion of the revenue generated from such tax is earmarked
20 for the benefit of a retirement system;

21 8. "Retirement bill having a fiscal impact" means any
22 retirement bill creating or establishing a retirement system and any
23 other retirement bill other than a nonfiscal retirement bill; and
24

1 9. "Retirement system" means the Teachers' Retirement System of
2 Oklahoma, the Oklahoma Public Employees Retirement System, the
3 Uniform Retirement System for Justices and Judges, the Oklahoma
4 Firefighters Pension and Retirement System, the Oklahoma Police
5 Pension and Retirement System, the Oklahoma Law Enforcement
6 Retirement System, or a retirement system established after January
7 1, 2006.

8 SECTION 13. Sections 1 through 4 of this act shall become
9 effective in accordance with the provisions of Section 58 of Article
10 V of the Oklahoma Constitution.

11 SECTION 14. Section 5 of this act shall become effective July
12 1, 2024.

13 SECTION 15. It being immediately necessary for the preservation
14 of the public peace, health or safety, an emergency is hereby
15 declared to exist, by reason whereof this act shall take effect and
16 be in full force from and after its passage and approval.

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1 Passed the Senate the 14th day of March, 2024.

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3

Presiding Officer of the Senate

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5 Passed the House of Representatives the ____ day of _____,

6 2024.

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Presiding Officer of the House
of Representatives

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